

Senate

WEDNESDAY, FEBRUARY 26

STAT The Senate met at 12 o'clock meridian, and was called to order by the Acting President pro tempore [Mr. METCALF].

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Our Father, God, in whose love and wisdom lies all our hope, we thank Thee for all life's loveliness that cannot be shaken or shattered by the world's divisive hates or by the contentions that rend the earth, which could be so fair.

We are grateful for friendships which sanctify, for music which gives wings to our jaded spirits, for truth which breaks the shackles of the mind, and for shining human character, unsullied and unafraid, through which there floods sufficient of Thy light for us in the dark to rise by.

Immersed in this realm of facts and figures, daily facing demanding duties which seem to leave so little time for cultivating the graces of the spirit, we pause now to acknowledge that we cannot live by bread alone or in the flesh alone, and that the highest part of us must have an escape into altitudes measured not by days or clocks or calendars. Make real to us the kingdom within whose radiant realities are its faith, its ideals, its visions of beauty, and its aspirations that lay hold of God and goodness.

We ask it in the name of the One who is the fairest among ten thousand and the One altogether lovely. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, February 25, 1964, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Miller, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of Elbert G. Mathews, of California, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to the Federal Republic of Nigeria, which was referred to the Committee on Foreign Relations.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (H.R. 4638) to promote the orderly transfer of the Executive power in connection with the expiration of the term of office of a President and the inauguration of a new President, and it was signed by the Acting President pro tempore.

REVENUE ACT OF 1964—TAX REDUCTION

Mr. SMATHERS. Mr. President, the tax bill is, in my opinion, the most significant tax legislation Congress has considered since the income tax was first enacted 51 years ago, in 1913. The bill provides for the greatest tax reduction in our history.

It is significant to note that although the Senate made 100 substantive amendments in the House version of the bill, there was no disagreement whatsoever between the two Houses as to the size of the tax rate reduction or its distribution.

The House and the Senate were in complete agreement on this most important segment of the tax bill. Both versions grant a reduction in tax liability estimated at \$11.7 billion in the calendar year 1965—\$9.5 billion of this rate reduction goes to individuals, and \$2.2 billion to corporations. The calendar year 1964 reductions due to rate changes are \$6.3 billion for individuals and \$1.3 billion for corporations.

The House and Senate were also in agreement on the acceleration of corporation tax payments. This speedup of corporation tax payments, while not affecting corporate tax liability, is estimated to result in an increase of \$260 million of tax receipts to the Treasury in the fiscal year 1964. In the fiscal year 1965 this provision is estimated to provide a \$900 million offset to the \$1.3 billion reduction in Treasury tax receipts from corporations, due to rate reduction.

The Senate withholding date and rate were adopted by the conferees, because of the necessity to gear to the date of enactment the changes in withholding. Thus, the withholding rate is 14 percent, instead of 15 percent; and the new rate becomes effective for remuneration paid after the seventh day following the signing of the bill by the President.

When the structural changes and changes in capital gains and losses are

taken into account, along with the reduction in tax rates, the total net tax reduction in 1965 amounts to \$11.5 billion, as agreed to by the conferees. The House version total was \$11.2 billion, and the Senate version total was \$11.9 billion. As agreed to by the conferees, \$9.1 billion of the net reduction will go to individuals, and \$2.4 billion to corporations.

The bill as agreed to by the conferees, in short, recognizes that the forces of consumer demand and investment stimulus are mutually reinforcing, and that their interaction will provide our economy with a strength that neither would offer alone.

This is a fair bill in terms of the distribution of individual tax reductions among the various income groups.

Eighty-five percent of American taxpayers earn \$10,000 or less. These people, who now carry 50 percent of the tax load, will receive 60 percent of the benefits under the bill.

Taxpayers in the bottom income group—those earning \$3,000 or less—will get three times the percentage tax reduction of those in the top of the income group, earning \$50,000 up.

However, the benefits of this tax cut will not be limited to the direct and immediate dollar benefits that will go to taxpayers as a result of the cut itself. As consumer purchasing power is increased, it will provide a vital and immediate stimulus to our economy.

A higher level of economic activity will benefit those who are working, by increasing the opportunities for advancement. Even more important, the bill will benefit the 4 million Americans who now are jobless—because only with a higher level of production and demand can we expect our economy to generate the millions of additional jobs that will be needed each year in the years ahead.

A major goal of the entire tax program is the provision of more jobs. At present, an estimated 1 million jobs annually are lost, due to automation. A million more will be required each year, to meet the needs of new workers entering the labor market.

It is impossible to predict with accuracy exactly how many jobs will be produced as a result of the tax cut; but it has been estimated that when the reductions are fully effective, up to 3 million additional new jobs will be available each year. These are new jobs—jobs that do not exist today, jobs that could not be created under today's reluctant economic atmosphere. These are jobs that are vital to our Nation's youth, to our Nation's older people, and to our Nation's workers, consumers, and families.